

STATE OF IOWA
PROPERTY ASSESSMENT APPEAL BOARD

David C. and Kathleen A. Quinlan,

Petitioners-Appellants,

v.

Cerro Gordo County Board of Review,

Respondent-Appellee.

ORDER

Docket No. 10-17-0220
Parcel No. 05-13-102-002-00

On May 5, 2011, the above captioned appeal came on for consideration before the Property Assessment Appeal Board. The appeal was conducted under Iowa Code section 441.37A(2) and Iowa Administrative Code rules 701-71.21(1) et al. The Appellants David C. and Kathleen A. Quinlan were self-represented. The Cerro Gordo County Board of Review designated Assistant County Attorney Steven Tynan as its legal representative. Both parties submitted evidence in support of their position. The Appeal Board having reviewed the record, heard the testimony, and being fully advised, finds:

Findings of Fact

The Quinlans are the owners of a residentially classified, single-family residence located at 721 North Shore Drive, Clear Lake, Iowa. The original year built of the property is not known, however based upon an appraisal and testimony the “original” part of the home is minimal and the property was extensively added on to and remodeled from 2000 to 2002. Both the appraisal and assessor records indicate a year built of 2000. According to the property record card the subject property is a one-story home and has 2601 square feet of total above-grade living area. The property has a 1668 square-foot basement with 860 square feet of finish. There is an 877 square-foot, three-car, attached garage; a 421 square-foot back porch/deck area; a 182 square-foot concrete patio; and a 196 square-foot open front

porch. The site is approximately 0.293 acres, according to the appraisal. The site size is not listed on the property record card; however, it is reported as having a 75 effective lake-foot frontage and 116 foot of effective depth.

The Quinlan's protested to the Cerro Gordo County Board of Review regarding the 2010 re-assessment allocated as follows: \$408,240 in land value and \$572,650 in improvement value for a total assessment of \$980,890. This was a change from the previous year's assessment. They did not state what they believed the total market value of the subject property to be.

The Quinlans' claim was based on the following grounds: 1) that the assessment was not equitable compared with the assessments of other like property under Iowa Code section 441.37(1)(a) and 2) that there is an error in the assessment under section 441.37(1)(c). They included a list of items (1-16) identifying essentially that they believed the living area, and in particular the basement finish, was not correctly calculated.

The Board of Review had the assessor re-inspect the property, correcting the living area errors. As a result of the corrections, it reduced the assessment to a total of \$900,930, allocated as \$408,240 in land value and \$492,690 in improvement value.

The Quinlan's then appealed to this Board reasserting their claim of inequity. In their appeal, they acknowledge the errors in living area were corrected, but still believe the value per square foot is too high compared to other similar lakeshore properties. They assert the correct value of the subject property is \$758,240, allocated as \$408,240 in land value and \$350,000 in improvement value.

Kathleen Quinlan testified that she believes they paid more than market value for the property when they purchased it in 2007 for \$950,000. She also indicated the purchase price included a dock, which was personal property.

The Quinlans attached an appraisal to their Board of Review petition. The appraisal was completed by Michael T. Albrecht of North Iowa Appraisal, LLC, Mason City, Iowa. It was

completed for mortgage refinancing purposes and has an effective date of July 28, 2009. Albrecht developed the cost and sales comparison approaches to value. His cost analysis indicated a value of \$874,839; however he gave most consideration to the sales comparison analysis and concluded a final opinion of value of \$900,000, which did not include the dock that is not taxable as real property.

Albrecht included four comparable sales that sold between August 2008 and July 2009. The unadjusted sales prices ranged from \$600,000 to \$1,600,000. After making adjustments to the sales, the adjusted range of value is roughly \$822,000 to \$1,494,000. The upper end of this range is a sale located at 1613 South Shore Drive, Clear Lake, which Albrecht included primarily to bracket his final estimate of value. He gave this sale minimal consideration in his opinion and stated on page 8 of his report that his research indicated it was not a market transaction and that the transaction price “far exceeded the market value.” We find this property to be dissimilar to the subject, specifically in size. It has a gross living area (GLA) reported by Albrecht of nearly 5000 square feet compared to the subjects GLA of 2716 square feet.

The remaining three sales Albrecht considered have an adjusted range of value of roughly \$822,000 to \$981,000. They are more similar in size to the subject with GLA’s ranging from approximately 2150 square feet 3000 square feet. They are all located within one to two miles from the subject and have lake frontage. Sale 2 sets the lower end of the adjusted range, but was built in 1949 compared to the subject’s year built of 2000. Sales 1 and 3 were built in 1991 and 1996 respectively.

The Board of Review did not dispute the results of the appraisal but rather acknowledged that the value conclusion of \$900,000 supports its decision. We agree. However, we give the appraisal limited consideration since the Quinlan’s did not appeal on market value.

At hearing, the Quinlan’s provided a significant amount of information, including the appraisal, pictures of the subject property, property record cards of their comparables, and chart summarizing the

data. They relied heavily on the chart. The chart they supplied is expansive and some information is not relevant to their argument. The Quinlan's primary argument is the value of their improvement and total value of their property. Data relating to the lake front depth, width, and lake front value that they had included in their chart were not reproduced in the chart below. Following is a replicate of their chart with only the data which pertains to their position.²

	Address	Effective Year Built	Main SF	2nd SF	Bsmt SF	Total SF	Improved Value/SF	2010 Improvement Value	Lake Front Land Value/SF	Total Value
1	3509 N Shore	1990	2154	0	1600	3754	85.89	\$322,440	\$387,220	\$709,660
2	2305 N Shore	1995	1989	2806	1989	6784	101.85	\$690,960	\$262,880	\$1,053,840
3	1929 N Shore	1996	1928	2372	1436	5736	104.43	\$599,020	\$494,190	\$1,093,210
4	1511 N Shore	1999	1524	1552	2634	5710	102.32	\$584,230	\$276,360	\$860,590
5	1319 N Shore	2006	1705	1705	1705	5115	106.60	\$545,260	\$293,280	\$838,540
6A	Subject	2002	2081	520	860	3461	142.35	\$492,690	\$408,240	\$900,930
6B	Subject	2002	2081	520	1985	4586	124.87	\$572,650	\$408,240	\$980,890
6C	Subject	2002	2081	520	860	3461	101.13	\$350,000	\$408,240	\$758,240
7	715 N Shore	1970	2047	0	1077	3124	63.32	\$197,810	\$412,500	\$610,310
8	627 N Shore	2005	1194	1656	1015	3865	97.85	\$378,180	\$309,250	\$687,430
9	545 N Shore	1960	2636	2599	0	5235	96.20	\$503,600	\$685,260	\$1,188,860
10	441 N Shore	1991	2856	2748	0	5605	104.88	\$587,760	\$606,050	\$1,193,810
11	601 S Shore	2008	1873	1861	1471	5205	94.60	\$492,400	\$296,750	\$789,150
12	801 S Shore	2007	1715	1645	1430	4790	115.15	\$551,580	\$318,220	\$869,800
13	1613 S Shore	1999	2527	4516	2335	9378	104.51	\$980,070	\$336,480 ¹	\$1,316,550
14	1913 S Shore	2005	1232	1232	0	2464	104.97	\$258,640	\$245,700	\$504,340
15	5360 Lakeview	1991	1581	1373	0	2954	93.00	\$274,710	\$276,480	\$551,190

The Quinlan's position is focused on the improvement value of their property in relation to the total value. Line 6A is the January 1, 2010, assessed value determined by the Board of Review, after corrections were made to the living area and basement finish. Line 6B is the previous assessed value which we find not relevant. Line 6C is the Quinlan's assertion of the correct value of their improvements and total valuation.

¹ The chart supplied by the Quinlans inadvertently reported the 2009 land value for this property. The 2010 land value has been referenced in this chart.

The Quinlan's arrive at an "improved value per square foot" by taking the "2010 improvement value" divided by the "total square foot" of each property. The "total square foot" includes all finished areas including the basement finish. It is not typical methodology to include basement finish when calculating improvement value per square foot. This is due primarily to the varying amount and quality of basement finish that may exist in different properties. Additionally, while the Quinlan's focus is on the improvement value, we note it is the total value of the property that is in dispute. The Quinlans state they believe the assessed value attributed to the land is correct because it is comparable to other like properties in Clear Lake.

Based upon this calculation, the fifteen properties in the Quinlan's spreadsheet have an improved value per-square-foot ranging from \$63.32 to \$115.15, while their improvements are assessed at \$124.87 per square foot. The Quinlan's report the average improved value per-square-foot is \$98.26. We note the correct calculation for the average is \$98.25.

The Quinlan's assert their improvements should be assessed at \$101.13. They believe this is more consistent with the average of their calculation, and similar to the Albrecht's cost analysis in his appraisal report. However, as previously noted, the calculations are incorrectly based on a total finished area.

Furthermore, we do not consider the properties submitted by the Quinlans to be sufficiently comparable without adjustments. For example, five of the properties are built 1990 or earlier compared to the subject's year built of 2000. Five properties have above grade finish area over 4300 square feet compared to the subject's above grade finish of 2601 square feet. Three properties have no basement finish compared to the subject's 860 square feet of finish. Additionally, while the Quinlans believe their site is similar to their comparables, we note the assessed site values range from roughly \$250,000 to nearly \$700,000 compared to the subject's site value of approximately \$408,000.

Lastly, the Quinlan's fail to show the market value of the properties they consider as equity comparables and, that by comparison, their property is assessed at a higher proportion of its actual value.

While the Board of Review offered exhibits A-H, this evidence was essentially a duplicate of the certified record. It simply contends the subject property is fairly and equitably assessed.

Based on the foregoing, we find insufficient evidence has been provided to demonstrate the subject is inequitably assessed.

Conclusions of Law

The Appeal Board applied the following law.

The Appeal Board has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2009). This Board is an agency and the provisions of the Administrative Procedure Act apply to it. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). The Appeal Board determines anew all questions arising before the Board of Review related to the liability of the property to assessment or the assessed amount. § 441.37A(3)(a). The Appeal Board considers only those grounds presented to or considered by the Board of Review. § 441.37A(1)(b). But new or additional evidence may be introduced. *Id.* The Appeal Board considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct. § 441.37A(3)(a).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. *Id.* "Market value" essentially is defined as the value established in an arm's-length sale of the property. § 441.21(1)(b). Sale prices of the property or comparable properties in normal transactions are to be considered in arriving at market value. *Id.* If

sales are not available, “other factors” may be considered in arriving at market value. § 441.21(2).

The assessed value of the property “shall be one hundred percent of its actual value.” § 441.21(1)(a).

To prove inequity, a taxpayer may show that an assessor did not apply an assessing method uniformly to similarly situated or comparable properties. *Eagle Food Centers v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 865 (Iowa 1993). Alternatively, a taxpayer may show the property is assessed higher proportionately than other like property using criteria set forth in *Maxwell v. Shriver*, 257 Iowa 575, 133 N.W.2d 709 (1965). The six criteria include evidence showing


“(1) that there are several other properties within a reasonable area similar and comparable . . . (2) the amount of the assessments on those properties, (3) the actual value of the comparable properties, (4) the actual value of the [subject] property, (5) the assessment complained of, and (6) that by a comparison [the] property is assessed at a higher proportion of its actual value than the ratio existing between the assessed and the actual valuations of the similar and comparable properties, thus creating a discrimination.”

Id. at 579-580. The gist of this test is to determine the ratio difference between assessment and market value, even though Iowa law now requires assessments to be 100% of market value. § 441.21(1).

The Quinlans provided a spreadsheet of fifteen properties to support their assertion of inequity. However, we do not find that all the properties are sufficiently comparable to the subject or that the methodology of considering component values of the subject (improvement only) and basing those calculations on the entire finished area versus above grade area is correct. Additionally, they failed to show the actual value of the comparables to demonstrate the subject property is assessed at a higher proportion of its actual value than those of similar and comparable properties. We do not find the information supplied sufficient to support an equity claim.

THE APPEAL BOARD ORDERS that the January 1, 2010 assessment of David and Kathleen Quinlan's property located at 721 North Shore Drive, Clear Lake, Iowa, is affirmed.

Dated this 8 day of July, 2011


Karen Oherman, Presiding Officer


Richard Stradley, Board Chair


Jacqueline Rypma, Board Member

Cc:

David and Kathleen Quinlan
721 North Shore Drive
Clear Lake, Iowa 50428
APPELLANT

Steve Tynan
220 North Washington
Mason City, Iowa 50401
ATTORNEY FOR APPELLEE

Certificate of Service	
The undersigned certifies that the foregoing instrument was served upon all parties to the above cause & to each of the attorney(s) of record herein at their respective addresses disclosed on the pleadings on <u>6-8</u> , 2011.	
By:	<input checked="" type="checkbox"/> U.S. Mail <input type="checkbox"/> FAX
	<input type="checkbox"/> Hand Delivered <input type="checkbox"/> Overnight Courier
	<input type="checkbox"/> Certified Mail <input type="checkbox"/> Other
Signature	